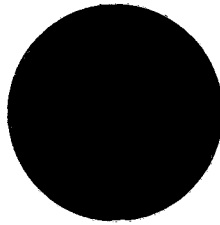
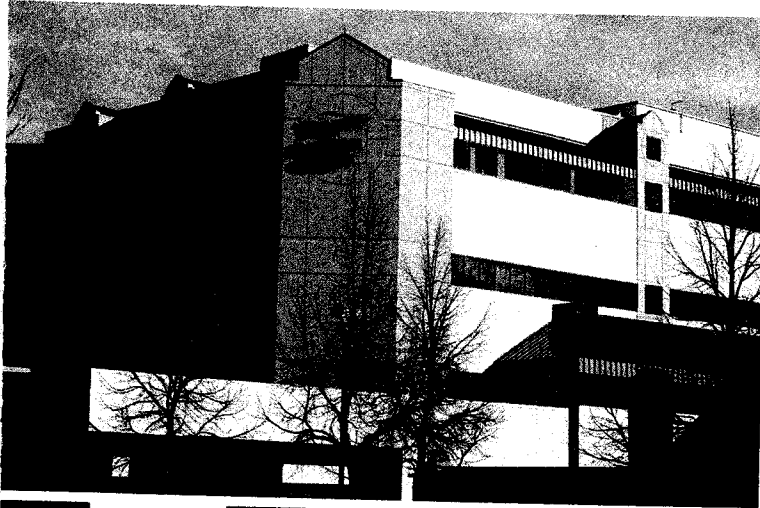




EXHIBIT 3
DATE 11/22/09
08
The AUTHORITY REVIEW
2008

December 2008

*Providing flexible financing options
for non-profit health care and
community service providers*



*October 1, 2008, marked
the 25th anniversary
of the Montana Facility
Finance Authority.*

*"Montana Facility Finance Authority
exemplifies the best in fiscal thinking
and practices in financial health care
management by doing every day what
most large financial institutions are
still just talking about – and what many
others have yet to start thinking about."*

David W. Cunningham
Chief Executive Officer
Rimrock Foundation, Billings

"MFEA has been a statewide pioneering health care partner by providing access to low-cost capital, essential for the modernization of our health care infrastructure. MHA members have been especially appreciative of the Montana Capital Assistance Program, which has provided needed technical assistance and financing of capital improvement plans."

Dick Brown
President
Montana Hospital Association, Helena



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DEPARTMENT OF COMMERCE

Facility Finance Authority 2011 Biennium

Legislative Fiscal Division Budget Analysis, Page A-289

PROGRAM CONTACTS

The department, division, program director and chief financial officer for the department, division, program and their contact information are:

Title	Name	Phone Number	E-mail address
Executive Director	Michelle Barstad	444-0259	mbarstad@mt.gov

WHAT THE DIVISION DOES

The Facility Finance Authority (FFA) was created by the 1983 Legislature to assist health care and related facilities in containing future health care costs by offering debt financing or refinancing at low-cost, tax-exempt interest rates for buildings and capital equipment. The legislature extended eligible facilities to include community pre-release centers. Cost savings are shared with consumers in the form of lower fees.

Funding:

The Facility Finance Authority is funded entirely by proprietary funds (enterprise accounting entities 06012 and 06015) with revenues collected from interest, fees, and charges from participating institutions. There are no direct appropriations provided in HB 2.

Mission:

To develop and maintain statewide financing programs which provide for and maintain access to the broadest range of low-cost capital financings as possible for eligible non-profit private and public institutions, which will promote affordable access to and availability of services for the consumer.

Goals and Measurable Objectives

To develop and implement effective financing plans for underserved borrowers by pursuing financing options for Critical Access Hospitals and "bank eligibility."

To maintain and improve current financing programs while developing new funding options.

To provide resources for the advancement of tax-exempt financing on a national level by serving on committees of national organizations and meeting with congressional representatives.

The following figure shows the division biennium goals and performance measures that are associated with the proposed 2011 biennium HB 576 budget.

Department of Commerce Facility Finance Authority		
Measurable Objectives for the 2011 Biennium		
Goal	Measurable Objectives	Current status of Measures
Develop and implement effective financing plans for borrowers	Create new/modify existing finance programs	Work with Montana's congressional delegation and MFFA's national association to pass "bank deductibility" legislation. Develop program once/if passed. Work with associates to create/modify/find financing solutions for clients during the current market turbulence.

Statutory Authority

The Authority is primarily mandated in Title 90, Chapter 7 and Title 2, Chapter 15, MCA.

HOW SERVICES ARE PROVIDED

The FFA is an enterprise fund and receives no tax funds. It is administratively attached to the Department of Commerce. The MFFA has 6 separate programs under one division. The MFFA contracts for administrative staff with the Board of Investments. Financial information and processing is provided through the Management Services Division.

The FFA issues tax-exempt bonds for the benefit of non-profit health care providers and prerelease providers and is currently staffed by three individuals. Tax-exempt interest rates are lower than traditional sources of money, thus, lowering the cost of funds for eligible borrowers. Those bonds need to be sold to individual and institutional investors to generate funds. The FFA also loans funds from internal and external sources.

During the period July 1, 2007 through December 31, 2008, the FFA issued \$91.5 million under 3 separate series of bonds and approximately \$5 million of loans through 16 transactions. The outstanding portfolio is approximately \$890 million and needs to be continually monitored for compliance with federal statutes, Internal Revenue Codes, tax-exempt and non-profit regulations, and market changes. (3 FTE)

BUDGET AND POLICY ISSUES

The Authority is funded entirely by enterprise funds (accounting entities 06012 and 06015) with revenues derived from interest, fees, and charges from participating institutions. The legislature does not approve rates for this program and there are no direct appropriations provided in HB 2. Facility Finance Authority customers are outside of state government. The fee structure that is proposed does not materially vary from that proposed in the last session.

SIGNIFICANT ISSUES EXPANDED

No significant issues requiring expanded justification were requested by the LFD.

2009 LEGISLATIVE FINANCE COMMITTEE PERFORMANCE MANAGEMENT INITIATIVE SUMMARY

As part of the 2009 Legislative Finance Committee's interim work plan, various workgroups met to discuss selected programs goals and progress towards specific measurable objectives, also referred to as performance measurements. It should be noted that some of the performance measurements were to be reached by June 30, 2009. The LFC interim project selected goals and related performance measurements and current status of the measurements are outlined below. A narrative discussion of the status of the measures (if any) is attached to the narrative section of this document.

The Facilities Finance Authority did not have any Legislative Finance Committee Performance Management Initiatives to report on in the 2009 biennium.



MONTANA
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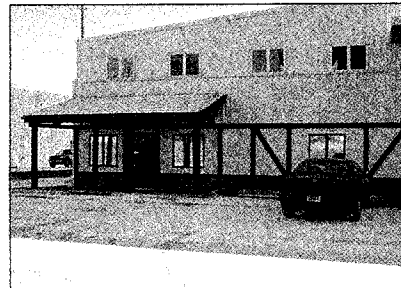
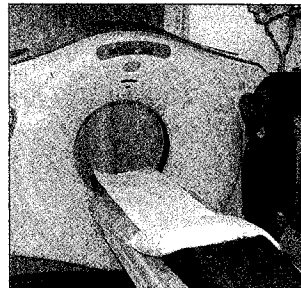
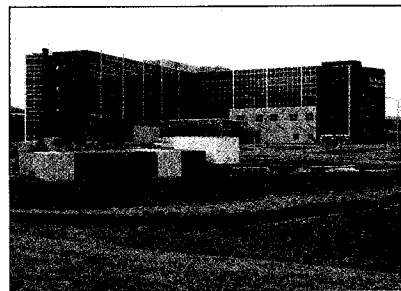
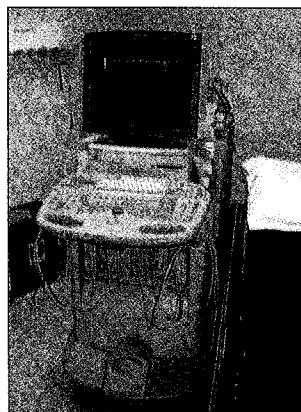
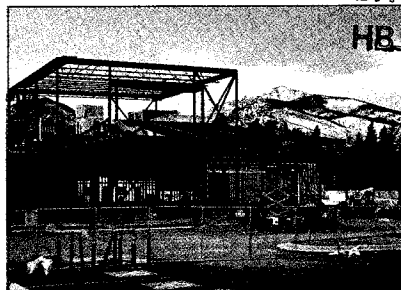
The AUTHORITY REVIEW 2007

Providing flexible financing options for nonprofit healthcare and community service providers

EXHIBIT 3 December 2007

DATE 1/22/09

HB



Over \$1.5 Billion
in Financings throughout Montana
since October 1, 1983



October 1, 2008, marks the 25th anniversary
of the Montana Facility Finance Authority.

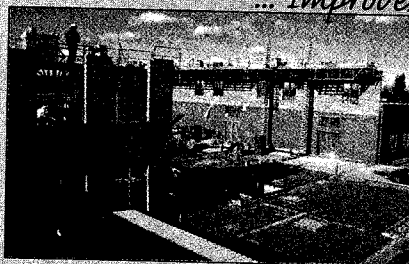
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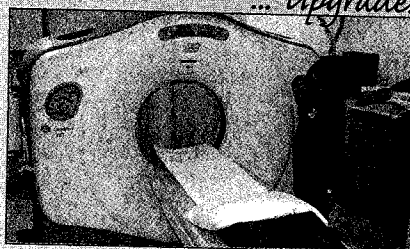
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Montana's Critical Access Hospital Program

Keeping the Doors Open for Rural Healthcare

Back in 1987, McCone County Hospital, in Circle, Montana, was in real danger of flat lining – closing its doors forever.

But thanks to a federal program modeled on an earlier pioneering Montana program to keep rural hospitals open, McCone County Health Center today is the prototype for healthy rural hospitals throughout Montana.

In 1987, the Center faced shrinking bed occupancy rates, declining reimbursements from Medicaid and Medicare, and intensifying market pressure to lower its costs. That year the Montana Legislature created the state's Medical Assistance Facility (MAF) program – the model for the current federal Critical Access Hospital (CAH) program passed in 1997.

The CAH program relaxed federal staffing regulations and modified Medicare reimbursement rates geared more to large urban hospitals. Since 1990, when McCone County Hospital became Montana's first CAH, the number in the state has grown to 45. This vital network assures that rural populations

continue to receive basic care. The CAHs are linked with urban hospitals and specialists to care for patients who need greater levels of care.

We at the Authority tip our hat to the visionary Montanans who helped create the MAF program opening the way for the federal CAH program. Especially notable are former State Rep. and Sen. Cecil Weeding of Jordan, and U.S. Senator Max Baucus. Their efforts have not only benefited all Montanans, but people in rural areas throughout the U.S.

The Authority stands ready to help Montana CAHs meet the ever-changing healthcare needs of their communities. As part of our commitment to monitor and adapt our cutting edge services, we modified our Master Loan Program in 1994 to provide the Authority with a financing vehicle that would benefit CAHs. Because of the collaboration with the Montana Board of Investments, in 2007 this Program was effectively used in Ronan, Wolf Point/Poplar and Hamilton.